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Message Text

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INFO OCT-01 ISO-00 /001 R

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DRAFTED BY:S/S-O:J.HOGANSON
APPROVED BY:S/S-O:J.HOGANSON
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O 300404Z AUG 75 ZFF4
FM SECSTATE WASHDC
TO USDEL SECRETARY IMMEDIATE

S E C R E T STATE 207433 TOSEC 100351

NODIS

E.O. 11652: XGDS-3

TAGS: EFIN, FR, JA, UK, GW, IT

SUBJECT: ACTION MEMORANDUM: LETTERS TO CHIEFS OF STATE
ON GOLD PROPOSAL FROM EB - THOMAS O. ENDERS
(S/S NO. 7517206)
FOR SECRETARY FROM ENDERS

1. THE PRESIDENT HAS NOW DECIDED TO ADOPT THE TREASURY PROPOSAL FOR NEGOTIATING GOLD. AS SCOWCROFT AND YOU DISCUSSED EARLIER TODAY, AND AS THE PRESIDENT AUTHORIZED IN WRITING, WE ARE TRYING TO SET UP A MEANS WHEREBY THE PRESIDENT CAN TAKE CREDIT FOR THE FLEXIBILITY ON GOLD PERSONALLY.

2. SIMON AND YEO ARE NERVOUS ABOUT GIVING AWAY ALL THE LEVERAGE AS NEGOTIATORS BY PLAYING UP OUR FLEXIBILITY. THEY ARE THUS HESITATING ON A TELEGRAM AT THIS TIME TO CHIEFS OF STATE. IT MAY BE ALSO THAT THEY WANT TO BE ABLE TO DOMINATE THIS ONE THEMSELVES.

3. LETTERS I'M NEGOTIATING WITH TREASURY ARE FROM FORD TO
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GISCARD, SCHMIDT, MIKI, WILSON (BECAUSE ALL OF THESE ARE

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INCLUDED IN GISCARD'S PROPOSAL FOR A SUMMIT) AND MORO
(BECAUSE THE ITALIANS HAVE THE THINNEST MARGINS AND NEED TO
USE THE FOLD THE MOST). LETTER TO GISCARD WOULD READ AS
FOLLOWS:
QUOTE:
-
DEAR MR. PRESIDENT:
- - -
OUR REPRESENTATIVES ARE MEETING THIS WEEKEND IN
WASHINGTON, ALONG WITH THOSE OF OTHER COUNTRIES, TO DIS-
CUSS SOME CRUCIAL ISSUES IN THE INTERNATIONAL MONETARY
AREA. RESOLUTION OF THESE QUESTIONS WILL HELP ASSURE
THE CONTINUED VIABILITY OF THE LIBERAL TRADE AND PAYMENTS
SYSTEM WHICH IS SO ESSENTIAL TO WORLD PROSPERITY IN THE
COMING YEARS. SOUND AGREEMENTS ON GOLD AND EXCHANGE
RATES ARE CLEARLY IMPORTANT TO EVERY COUNTRY. IN ADDI-
TION, LESS DEVELOPED NATIONS WILL PARTICULARLY BENEFIT
FROM THE PLANNED IMF QUOTAINCREASE AND MEAUSURE TO
MOBILIZE IMF GOLD.

FOR THESE REASONS, I PLACE GREAT IMPORTANCE ON PROG-
RESS AT THE UPCOMING MEETINGS OF THE BANK AND THE FUND.
I AM, THEREFORE, AUTHORIZING SECRETARY SIMON TO EXERCISE
FURTHER FLEXIBILITY ON THE GOLD ISSUE.

I HOPE THIS FLEXIBILITY FROM THE UNITED STATES ON
GOLD WILL PAVE THE WAY FOR AGREEMENT ON A FULL PACKAGE
OF AMENDMENTS TO THE IMF ARTICLES AS WELL AS THE QUOTA
INCREASE. OBVIOUSLY, YOUR APPROACH TO THE EXCHANGE
REGIME ISSUE WILL BE CRITICAL TO WORKING OUT A PACKAGE.
I HOPE YOU CAN HELP IN FINDING SOME COMMON GROUND ON
WHICH WE CAN AGREE. UNQUOTE

4) OTHER LETTERS WOULD BEGIN WITH FIRST TWO PARAGRAPHS
OF LETTER TO GISCARD AND CLOSE AS FOLLOWS:

SCHMIDT

QUOTE:

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I HOPE THIS FLEXIBILITY FROM THE UNITED STATES ON GOLD
WILL PAVE THE WAY FOR AGREEMENT ON A FULL PACKAGE OF
AMENDMENTS TO THE IMF ARTICLES AS WELL AS THE QUOTA IN-
CREASE. OBVIOUSLY, THE FRENCH APPROACH TO THE EXCHANGE
REGIME ISSUE WILL BE CRITICAL TO WORKING OUT A PACKAGE.
I HAVE, THEREFORE, WRITTEN TO PRESIDENT GISCARD D'ESTAING
TO URGE RECONSIDERATION OF THE FRENCH POSITION.

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YOUR INFLUENCE WILL BE CRITICAL IN FINDING A COMMON
GROUND ON WHICH WE CAN ALL AGREE. I WOULD APPRECIATE ANY
EFFORTS YOU FEEL YOU CAN APPROPRIATELY MAKE TO THIS END.
UNQUOTE

MIKI

QUOTE:

I HOPE THIS FLEXIBILITY BY THE UNITED STATES ON GOLD
WILL PAVE THE WAY FOR AGREEMENT ON A FULL PACKAGE OF
AMENDMENTS TO THE IMF ARTICLES AS WELL AS THE QUOTA IN-
CREASE. OBVIOUSLY, THE FRENCH APPROACH TO THE EXCHANGE
REGIME ISSUE WILL BE CRITICAL TO WORKING OUT A PACKAGE.
I HAVE THEREFORE WRITTEN TO PRESIDENT GISCARD D'ESTAING
TO ASK HIS HELP HERE IN FINDING SOME COMMON GROUND ON
WHICH WE CAN AGREE.

I KNOW I CAN COUNT ON YOUR SUPPORT IN ARRIVING AT A
COMPREHENSIVE AGREEMENT ACCEPTABLE TO ALL OF US. UNQUOTL

WILSON

QUOTE:

I HOPE THIS FLEXIBILITY BY THE UNITED STATES ON GOLD
WILL PAVE THE WAY FOR AGREEMENT ON A FULL PACKAGE OF
AMENDMENTS TO THE IMF ARTICLES AS WELL AS THE QUOTA IN-
CREASE. OBVIOUSLY, THE FRENCH APPROACH TO THE EXCHANGE
REGIME ISSUE WILL BE CRITICAL TO WORKING OUT A PACKAGE.
I HAVE, THEREFORE, WRITTEN TO PRESIDENT GISCARD D'ESTAING
TO URGE RECONSIDERATION OF THE FRENCH POSITION.

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IN THE PAST, YOU HAVE PLAYED A DECISIVE ROLE IN THE
FORMULATION OF EUROPEAN VIEWS ON MONETARY QUESTIONS.
I KNOW WE CAN COUNT NOW ON YOUR CONTINUED EFFORTS TO
REACH A COMMON GROUND ON WHICH WE CAN ALL AGREE. UNQUOTE

MORO

QUOTE:

IN TAKING THIS STEP I HAVE KEPT IN MIND THE PARTICULAR
INTEREST OF ITALY IN MOBILIZING ITS OFFICIAL RESERVES OF
GOLD.

I HOPE THIS FLEXIBILITY BY THE UNITED STATES ON GOLD
WILL PAVE THE WAY FOR AGREEMENT ON A FULL PACKAGE OF

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AMENDMENTS TO THE IMF ARTICLES AS WELL AS THE QUOTA IN-
CREASE. OBVIOUSLY, THE APPROACH OF THE EUROPEAN COM-
MUNITY TO THE EXCHANGE REGIME ISSUE WILL BE CRITICAL TO
WORKING OUT A PACKAGE. I WOULD APPRECIATE YOUR HELP
HERE, AS PRESIDENT OF THE COUNCIL OF MINISTERS, IN
FINDING SOME COMMON GROUND ON WHICH WE CAN ALL AGREE.

5. NEED YOUR AUTHORITY/ADVICE ON THESE LETTERS BY
START OF BUSINESS TOMORROW MORNING. SIMON AND OTHER
MEMBERS OF LIBRARY GROUP BOARD SEQUOIA AT 11:00. OUR
LETTERS SHOULD GO OUT NOT MUCH LATER TO HAVE THEIR
EFFECT.

6. RECOMMENDATION: THAT YOU APPROVE THE TEXT OF
THESE LETTERS AND AUTHORIZE THEIR TRANSMISSION.

APPROVE DISAPPROVE INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOSEC, GOLD, POLICIES, NEGOTIATIONS, CURRENCY CONTROLS, CAT-C, DIPLOMATIC COMMUNICATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE207433
Document Source: CORE
Document Unique ID: 00
Drafter: O:J.HOGANSON
Enclosure: TOSEC 100351
Executive Order: X3
Errors: N/A
Film Number: P850047-2300, N750003-0589
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975081/aaaaaapg.tel
Line Count: 186
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NODS
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: NODIS
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: NODIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 01 OCT 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 OCT 2003 by ellisoob>; APPROVED <27 OCT 2003 by GolinoFR>
Review Markings:

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EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ACTION MEMORANDUM: LETTERS TO CHIEFS OF STATE ON GOLD PROPOSAL FROM EB - THOMAS O. ENDERS
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Type: TE
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